



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

**Bill #** HB0143

**Title:** Nonprofit corporation registry

**Primary Sponsor:** McAlpin, Dave

**Status:** As Amended

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$42,390	\$42,390	\$42,390	\$42,390
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$42,390	\$42,390	\$42,390	\$42,390
<b>Net Impact-General Fund Balance</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

#### Description of fiscal impact:

The state special revenue collected under the Charity Registration Act will cover the costs associated with the proposed program.

### FISCAL ANALYSIS

#### Assumptions:

1. According to GuideStar Research Database there are an estimated 1420 Montana nonprofits that filed the IRS 990 & 990EZ in 2003. The report is broken down by their reported income levels. It is assumed the number and income level distribution of nonprofits in Montana has remained the same since 2003 and will through the 2013 biennium.

2. Based on the fee schedule listed in Section 3 (2)(d) of HB 143, it is estimated that \$42,390 in registration filing fees will be collected each fiscal year covered by this fiscal note [ $\$10 \times 904 \text{ charities} + \$25 \times 162 \text{ charities} + \$50 \times 122 \text{ charities} + \$100 \times 232 \text{ charities} = \$42,390$ ].
3. It is assumed that revenue will not increase throughout the term covered by this fiscal note. In the current economic situation, there could be a decrease in revenue.
4. There is no assumed revenue from failure to register penalties.
5. It is assumed that 1.00 FTE compliance technician will be needed to start on July 1, 2009 to register and monitor the nonprofit organizations and administer the duties related to this act at a cost of \$34,498 in FY 2010 and FY 2011.
6. A 2.5% increase in salary and an 8% increase in the state share are assumed for FY 2012 and FY 2013 which will result in a total personal services cost of \$35,778 in FY 2012 and \$37,022 in FY 2013.
7. The new employee office package will cost \$1,200 and the new computer equipment will cost \$1,400 in FY 2010 only.
8. The rent, phone, data line, supplies, and cost of postage and printing related to communications with the nonprofits are estimated to be \$11,991 in FY 2010 and ongoing through the 2013 biennium of which the Office of Consumer Protection will absorb the difference between revenue and expenditures. Operating expenses covered by this fund will be \$5,292 in FY 2010, \$7,892 in FY 2011, \$6,612 in FY 2012, and \$5,368 in FY 2013.
9. A 2.5% inflation factor in operating expenses is assumed.

	<b><u>FY 2010 Difference</u></b>	<b><u>FY 2011 Difference</u></b>	<b><u>FY 2012 Difference</u></b>	<b><u>FY 2013 Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b>Department of Justice</b>				
<b>FTE</b>	1.00	1.00	1.00	1.00
<b><u>Expenditures:</u></b>				
Personal Services	\$34,498	\$34,498	\$35,778	\$37,022
Operating Expenses	<u>\$7,892</u>	<u>\$7,892</u>	<u>\$6,612</u>	<u>\$5,368</u>
<b>TOTAL Expenditures</b>	<u><u>\$42,390</u></u>	<u><u>\$42,390</u></u>	<u><u>\$42,390</u></u>	<u><u>\$42,390</u></u>
<b><u>Funding of Expenditures:</u></b>				
State Special Revenue (02)	\$42,390	\$42,390	\$42,390	\$42,390
<b><u>Revenues:</u></b>				
State Special Revenue (02)	\$42,390	\$42,390	\$42,390	\$42,390
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
State Special Revenue (02)	\$0	\$0	\$0	\$0

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*Sponsor's Initials*


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*Date*


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*Budget Director's Initials*


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*Date*



## Dedication of Revenue 2011 Biennium

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**17-1-507-509, MCA.**

- a) **Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)**

The dedicated revenue in the charity registration account created by section 5 of the bill will globally benefit all citizens by giving them the ability to confirm the genuineness of charities as a result of the department's enforcement powers backed by the ability to assess fines.

- b) **What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?**

The bill acknowledges that all civil fines, costs, and fees received or recovered by the department because of the Charity Registration Act will be dedicated to the department of justice's activities related to discharging its administrative and regulatory powers and duties of this act.

- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)**

Yes, it is relevant. Revenues from charity registration fees and fines collected by the Office of Consumer Protection program in the Department of Justice, is directly connected to supporting the enforcement activities required of the department in the Charity Registration Act. No, the revenue does not cover the total estimated costs of the program.

- d) **Does the need for this state special revenue provision still exist? ☒ Yes ☐ No (Explain)**

The citizens will benefit by having the charity registration program in the Department of Justice which can assess penalties against violators of this act.

- e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**

No. If passed, the bill will provide for a statutory appropriation from the legislature to fund enforcement activities.

- f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)**

Yes. If HB 143 is passed by the legislature it may be implied that the legislature recognizes a need for charity registration activities by the department of justice.

- g) **How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)**

There will be no effect on the agency. Activities will be absorbed into already existing accounting/auditing departmental functions.